

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

USSAGE NKP

CINCPAC

COGARD

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

TREASURY

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

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COGARD FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: AUGUST 30 EA PRESS SUMMARY

INDOCHINA

1. CSM'S SOUTHERLAND FROM SAIGON (8/29) SAYS BOTH GVN
AND US OFFICIALS PREDICT THAT IF COMMERCIALY EXPLOITABLE
OIL IS FOUND IT WILL HELP "IMMEASURABLY" TO BRING SVN
ECONOMY OUT OF SLUMP. DRILLING LEASES SO FAR SOLD
HAVE BROUGHT GVN OVER 100 MILLION DOLS IN FOREIGN
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EXCHANGE. CDN'S GREEN (NYPOST 8/29) OPINES THAT OIL
DISCOVERY COULD SAVE SVN FROM COMMUNIST TAKEOVER.
QUOTES WESTERN ECON ANALYSTS THAT EARLY FIND OF GOOD-
QUALITY OIL WOULD HAVE IMMEDIATE EFFECT ON GVN
INTERNATIONAL CREDIT RATING AND WOULD ATTRACT FOREIGN

AID MONEY FROM COUNTRIES OTHER THAN US. COMMENTS THAT NOW THERE IS ECON REASON FOR US TO BE THERE, "SOMETHING THAT WAS LACKING" DURING LONG YEARS OF AMERICAN INVOLVEMENT. WSJ REPORTS FROM PARIS THAT, "AS EXPECTED," VC COMMENTED ON OIL FIND OFF SVN. DELEGATION ISSUED STATEMENT WARNING FOREIGN OIL COMPANIES THAT THEY WERE OPERATING IN SVN WATERS ILLEGALLY; THAT GVN DIDN'T HAVE RIGHT TO SURRENDER PROSPECTING AND EXPLOITATION RIGHTS TO FOREIGN OIL FIRMS SINCE NATURAL RICHES "BELONG TO THE PEOPLE."

2. MCARTHUR (LAT 8/29) AT SAIGON SAYS OIL ANNOUNCEMENT IS FIRST REALLY GOOD NEWS IN MANY MONTHS AND SET EVERYONE TALKING LIKE "HOLDERS OF LUCKY LOTTERY TICKETS." FINANCE MINISTER SEES TREMENDOUS PSYCHOLOGICAL HELP, NOW SPECULATES ABOUT MORE FOREIGN INVESTMENTS, EASIER INTERNATIONAL LOANS AND GREATER SAVINGS BY THOSE WHO WANT TO BE IN ON "OIL BOOM" INSTEAD OF CONTEMPLATING EARLIER BLEAK ECON PICTURE. MCARTHUR COMMENTS THAT MODEST GVN ANNOUNCEMENT OF OIL FIND HARDLY WARRANTS ALL THAT OPTIMISM. REVIEWS DETAILS OF FIND, QUOTES OIL EXPERTS THAT VALUE OF DRILLING RIGHTS ON STILL-AVAILABLE CONCESSIONS WILL NOW RISE SHARPLY AND OVER HALF OF PLOTS LAID OUT IN S. CHINA SEA WILL BE UP FOR BIDDING IF GVN DECIDES ON THIRD ROUND. REPORTS THAT THIEU HELD CABINET SESSION IMMEDIATELY WHEN HE LEARNED OF OIL DISCOVERY, AND OFFICIALS LOOK FOR OIL TO IMPROVE GVN BORROWING POWER ABROAD TO FACE IMPACT OF SHARP DECLINE OF US AID.

3. INDEPENDENT SAIGON NEWSPAPER PUBLISHED BY RC PRIEST SUSPENDS PUBLICATION IN PROTEST OVER REPEATED CONFISCATION BY GVN. PAPER'S MAIN READERSHIP IS AMONG RC REFUGEES FROM NVN (REUTER SAIGON).

4. MIL SOURCES SAY COMMUNIST TROOPS CAPTURE THREE GVN UNCLASSIFIED

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OUTPOSTS DEFENDING HUE IN BITTER FIGHTING. ATTACKS END UNEASY TRUCE OBSERVED BY BOTH SIDES NEAR HUE SINCE C-F (UPI, BALTO N-A 8/29). GVN LAUNCHES COUNTER-ATTACKS SE OF HUE (AP, WP). ARVN SPOKESMAN SAYS THAT AT SAME TIME FIGHTING GOING ON NEAR HUE, ESTIMATED 1000 DISABLED VETS AND CIVILIANS DEMONSTRATED NOT FAR FROM BATTLEFIELD FOR JOBS AND BENEFITS THEY CLAIMED WERE OVERDUE (CSM).

5. AGREEMENT SIGNED BY MEMBERS OF JOINT COMMISSION TO IMPLEMENT LAOS C-F SAYS PL WILL RELEASE EMMET KAY IN POW EXCHANGE TO BEGIN SEPT 19 (CHITRIB).

6. RTG SOURCE REPORTS CIA DEPOSITED NEARLY 3 MILLION DOLS

IN BANKS TO COVER BACK PAY OF 640 THAI "VOLUNTEER" SOLDIERS SOON TO BE RELEASED IN LAOS. AMEMBASSY BANGKOK SPOKESMAN REFUSES TO CONFIRM OR DENY COMPENSATION PLAN, REFERS QUESTIONS TO RTG BECAUSE IT INVOLVES THAI POWS. RTG MAKES NO OFFICIAL STATEMENT, BUT GOVT SOURCE SAYS CIA DEPOSITED MONEY AND EACH POW WILL GET REGULAR PAY FOR TIME IN CAPTIVITY. WESTERN DIPLOMATIC SOURCE SAYS US BELIEVES IT HAS DUTY TO PROVIDE COMPENSATION (AP NYPOST 8/29, WP).

7. GKR COMMAND SAYS DRIVE TO PUSH KHMER ROUGE FROM ROCKET-LAUNCHING SITES SE OF PP SLOWED BY WELL-ENTRENCHED ENEMY IN SWAMPS ON EASTERN BANK OF BASSAC 15 MILES FROM CAPITAL (AP, WP).

8. SCHANBERG (NYT) FROM PP DESCRIBES WARFARE IN CAMBODIA THAT "REELS ON AND ON IN CONFUSION" AS IT GRINDS THROUGH FIFTH YEAR. RECOUNTS BIZARRE EVENTS THAT OCCUR AS PATTERNS OF LIFE ERODE: ENEMY SOLDIERS REPORT TO GKR HOSPITALS FOR TREATMENT AND GET IT; AA CREWS GUARDING PRESIDENTIAL PALACE GET BONUS EVERY TIME THEY FIRE, SO SHOOT AT KAF PLANES THAT SOMETIMES SHOOT BACK; LON NOL TRIES TO WOO INSURGENTS BY REFERRING TO THEM AS "COMPATRIOTS ON THE OTHER SIDE WHO HAVE FOUGHT US UNDER DURESS"; SMOULDERING MEKONG FREIGHTER HIT BY ENEMY FIRE SAVED WITH DIFFICULTY, FOUND TO HAVE CARGO OF WHISKY.

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MEDICAL PROBLEMS - NEXT TO ASTROLOGY AND SOOTHSAYING - PROVIDE GOSSIP FOR PP, PRIMARILY LON NOL'S HEALTH. SCHANBERG RECOUNTS MARSHAL'S MEDICAL HISTORY, STATES HE ATTRIBUTES BIRTH SIX MONTHS AGO OF FOURTH CHILD TO GERITOL HE HAS BEEN TAKING REGULARLY SINCE GIVEN SUPPLY LAST YEAR. SAYS OFFICIAL "LINE" IN PP AND WASHINGTON IS KHMER SHOULD SETTLE WAR THEMSELVES, BUT #CAMBODIANS PAY NO ATTENTION TO THIS" SINCE THEY KNOW OTHER COUNTRIES WILL DETERMINE THEIR FATE; THIS IS WHY THEY WELCOMED AMBASSADOR DEAN WITH "PLAINTIVE HOPE" THAT HE CAN HELP FORGE C-F AS IN LAOS. COMMENTS THAT DEAN WILL DO ANYTHING TO START NEGOTIATIONS AND HAS "EXHAUSTED HIMSELF" TRYING TO PUT SPINE INTO GKR ON THEORY THAT MIL AND POLITICAL STRENGTH MIGHT BRING OTHER SIDE TO TALKS. THIS HAS PLEASED MOST CAMBODIANS, SOME OF WHOM REFER TO HIM AS "KING OF THE KHMERS," THOUGH HAS "NOT DELIGHTED" SOME GENERALS AND POLITICIANS. SCHANBERG RETELLS STORY OF AIRLINE "ENTREPRENEURS-OF-SORTS" WHO POURED INTO COUNTRY WITH AGING PLANES TO TAKE ADVANTAGE OF FAST-MONEY OPERATIONS CREATED BY CUTTING OF MAIN

ROADS. SOME PILOTS DISILLUSIONED BY CORRUPTION
AND GREED OF KAF PILOTS.

CHINA

9. "JANE'S FIGHTING SHIPS" 1974-75 EDITION SAYS PRC HAS
51 SUBS, INCLUDING AT LEAST ONE NUCLEAR-POWERED,
AND WORLD'S LARGEST FLEET OF SMALL SHIPS. FORECASTS

PRESENT PRC FLEET MAY WELL BE FORERUNNER OF ONE OF
WORLD'S GREATEST NAVIES (UPI LAT, BALTO N-A BOTH
8/29). JANE'S ADDS THAT PRC ALSO MOVING FAST INTO
FIELD OF DEEP-WATER, MISSILE-ARMED DESTROYERS AND
FRIGATES (REUTER, SUN).

10. IAAF VOTED UNANIMOUSLY FRIDAY TO PERMIT MEMBERS TO
COMPETE AGAINST NON-MEMBER COUNTRIES. DECISION MEANS
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CHINA WILL BE ABLE TO TAKE PART IN SEPT 1 ASIAN GAMES
AT TEHERAN ALTHOUGH SHE RESIGNED FROM IAAF YEARS AGO
'IN PROTEST OVER PRESENCE OF TAIWAN ' (REUTER ROME).

11. REUTER'S PEARCE, IN PEKING, LOOKS AT WOMEN IN PRC
HIERARCHY. NOTES MAO RELATIVE WANG HAI-JUNG, RECENTLY
PROMOTED TO VICE FM, IS ONE OF FEW WOMEN TO REACH
UPPER ECHELONS OF STATE. HER PROMOTION APPARENTLY
REFLECTS POWERFUL POSITION SHE HAS BUILT UP AS ONE
OF FEW PEOPLE WITH READY ACCESS TO MAO. CITES ONE
ENVOY SAYING WANG IS "EVIDENTLY POWERFUL, BUT QUITE
UNFATHOMABLE" AND HER PRECISE DUTIES AND STANDING IN
PREVIOUS ROLE OF ASSISTANT-FM HAD ALWAYS BEEN SOMETHING
OF MYSTERY.

PEARCE SAYS DESPITE EMPHASIS ON EMANCIPATION AND
EQUALITY, ONLY HANDFUL OF WOMEN HAVE REACHED HIGH
STATE AND PARTY POSITIONS IN 25 YEARS OF COMMUNIST
RULE. SOONG CHING-LING REMAINS MOST SENIOR WOMEN
IN HIERARCHY, BUT HAS NOT PLAYED ACTIVE PART IN
PUBLIC LIFE FOR SEVERAL YEARS. CHIANG CHING HAS REAL
POWER, AND MOST SENIOR WOMAN IN ARMED FORCES IS LI
CHEN WHO HOLDS RANK OF GENERAL IN PLA. CHINESE
ATTRIBUTE PAUCITY OF WOMAN IN TOP JOBS TO LINGERING
INFLUENCE OF MALE CHAUVINISM ON SOCIETY, WHICH THEY
ATTRIBUTE TO CONFUCIUS AND SAY WILL TAKE TIME TO
ERADICATE. BUT THEY PLAN TO PRESS AHEAD TOWARD
GIVING WOMEN EQUAL SHARE IN RUNNING COUNTRY, INCLUDING
ROOM AT TOP.

KOREA/JAPAN

12. WOMAN ACCUSED OF ASSISTING MAN WHO TRIED TO ASSASSI-

NATE PARK HAS BEEN RELEASED ON BAIL IN OSAKA
(WP).

13. CSM SPECIAL DISPATCH (TOKYO) SUGGESTS THAT
POLITICAL PRESSURE FROM SK'S ALLIES -- AND FINANCIAL
SUPPORTERS -- ABROAD MAY HAVE BEEN MORE IMPORTANT
REASON WHY PARK RESCINDED TWO REPRESSIVE DECREES

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THAN EXPLANATIONS HE HAS OFFERED. S GOJ HAS MADE
NO OUTRIGHT REBUTTALS TO ANTI-JAPANESE CHORUS
IN SK BECAUSE PASSIONS ARE RUNNING HIGH IN SEOUL.
BUT JAPANESE OBSERVERS BELIEVE SOME OF DEMONSTRATIONS
ARE BEING STAGE-MANAGED WITH AIM OF DRIVING GOJ
ON DEFENSIVE.

JAPAN

14. REUTER TOKYO REPORTS EXPLOSION THAT RIPPED
THROUGH COMMERCIAL DISTRICT BELIEVED CAUSED BY
BOMB OUTSIDE HEADQUARTERS OF MITSUBISHI HEAVY
INDUSTRIES AFTER COMPANY RECEIVED TELEPHONED
WARNING MINUTES BEFORE. JAPANESE POLICE FOUND
NO TRACE OF EXPLOSIVES, SAID BLAST COULD HAVE
BEEN CAUSED BY COLLISION BETWEEN CAR AND PROPANE
TRUCK; 7 KILLED, OVER 230 INJURED (WP).

15. REUTER TOKYO REPORTS MITI ANNOUNCEMENT GOJ WILL LIFT
8 MONTH "STATE OF EMERGENCY" IMPOSED BECAUSE OF OIL
CRISIS. OIL SUPPLY SITUATION HAS SHOWN MARKED
IMPROVEMENT.

16. CSM'S SITOMER REPORTS HAWAIIANS SHARPLY DIVIDED OVER
TREND OF JAPANESE OWNERSHIP AND ECONOMIC ACTIVITY
ON ISLANDS. CONTROVERSY BROUGHT TO HEAD BY SALE OF
3 LUXURY HOTELS TO JAPANESE FINANCIER KENJI OSANO.

AUSTRALIA

17. AUSTRALIA REPORTEDLY INTERESTED IN BUYING MORE
THAN 50 M-60 TANKS, 8 ANTISUBMARINE WARFARE
PATROL PLANES, AND TWO NEW CLASS NAVY PATROL FRIGATES.
DEFMIN BARNARD DISCUSSED PURCHASES WITH SCHLESINGER
AND OTHER OFFICIALS (CSM).

18. JOC'S STOVE REPORTS AUSTRALIA FACING GRAVEST ECONOMIC
SITUATION SINCE DEPRESSION, WITH POSSIBILITY OF
HYPER-INFLATION FOR FIRST TIME IN HISTORY, ACCORDING
TO REPORT BY MELBOURNE U'S INSTITUTE OF APPLIED
ECONOMIC AND SOCIAL RESEARCH.

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PHILIPPINES

19. MARCOS HAS FREED 14 OF 21 ARRESTED AT RC NOVITIATE AFTER HEARING COMPLAINTS ABOUT RAID IN MEETING WITH CHURCH LEADERS (AP, NYT: WP).

20. REV. JAIME SIN OF MANILA HAS CALLED CATHOLICS TO PRAYER VIGIL TO SHOW DISSATISFACTION WITH MARTIAL LAW REGIME (AP, SUN). CALLED FOR PRAYER TO ENSURE THOSE DETAINED BE DEALT WITH "FAIRLY, JUSTLY, AND SPEEDILY" (AP, NYT).

21. ABOUT 500 MOSLEM REBELS OVERRUN TOWN OF BALABAGAN IN LANA O PROVINCE. ARMY MOBILIZES ADDITIONAL BATTALION AS HEAVY FIGHTING CONTINUES (AFP, WP).

INDONESIA

22. CSM'S SOUTHERLAND IN JAKARTA REPORTS THAT SUHARTO'S CALL FOR AUSTERITY AFTER JAN. RIOTS HAS BROUGHT ONLY SUPERFICIAL CHANGES AT BEST. THOUGH INDONESIA HAS ENJOYED RESPECTABLE GROWTH RATE OF 7-8 PER CENT PER YEAR, WEALTH NOT EVENLY DISTRIBUTED. EXCESSIVE WEALTH ACCUMULATED AT TOP LEVEL OF ARMY. BUT DEPENDENCE ON ARMY PREVENTS SUHARTO FROM DISCIPLINING MOST CORRUPT OFFICERS; HE WOULD BE ALIENATING SOME OF STRONGEST SUPPORTERS.

23. SUHARTO ARRIVES IN SINGAPORE FOR THREE DAY STATE VISIT, FIRST BY INDONESIAN HEAD OF STATE, FOLLOWING STOP IN RANGOON (AFP, WP).

FRENCH A-TEST

24. CSM'S BURT NOTES DOUBTS EXPRESSED OVER FRANCE'S CAPABILITY TO SHIFT IMMEDIATELY TO UNDERGROUND TESTING. IN ADDITION, SPECIALISTS REPORT FRENCH TERRITORY IN PACIFIC UNSUITED TO SUCH TESTS BECAUSE OF WEAK ROCK STRUCTURES OF VOLCANIC ISLANDS. BURT CONCLUDES THAT UNLESS US OFFERS FACILITIES, TEST UNCLASSIFIED

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SITE WILL HAVE TO BE FOUND WITHIN FRANCE.

LOS

25. MOST IMPORTANT ACCOMPLISHMENT WAS GENERAL AGREEMENT ON NEED TO EXTEND TERRITORIAL LIMIT TO 12 MILES AND ESTABLISH 200 MILE ECONOMIC ZONE. AMONG SENSITIVE

ISSUES IS QUESTION OF FISHING RIGHTS; US AND CANADA COMPLAINED THAT SALMON STOCKS ADVERSELY AFFECTED BY JAPAN'S FAR FLUNG OPERATIONS; THEY WANT COASTAL STATE CONTROL OVER SUCH MIGRATORY SPECIES (AP, SUN).

COMMENT AND ANALYSIS

INDOCHINA

26. NYT PUBLISHES EXCERPTS OF JOHN CALKINS' ARTICLE APPEARING IN REPUBLICAN CONGRESSIONAL COMMITTEE "NEWSLETTER." CALKINS, EXECUTIVE DIRECTOR OF COMMITTEE, VISITED SVN AS GUEST OF VIETNAMESE COUNCIL ON FOREIGN RELATIONS. HE CALLS CUTTING OFF MIL AID TO SVN "BAD JUDGMENT" AND ENVISIONS VN AS NEXT "TAKE OFF" CAPITALISTIC SHOWPLACE IN ASIA IF US AND ENTERPRISING CORPORATIONS UNDERTAKE ECON CHALLENGE AND OPPORTUNITY EXISTING THERE. SAYS ARVN IS "EFFECTIVE AND SPIRITED", AND WILL BE ABLE TO THWART VC AIMS IF IT CONTINUES TO RECEIVE ARMS RESUPPLIES FROM US.

27. NYT CARRIES SHIPLER FEATURE FROM SAIGON ON PROBLEMS OF CHILDREN FATHERED AND LEFT BEHIND BY GI'S. CONTRARY TO EXPECTATIONS, MOST ARE ACCEPTED AND CHERISHED IN THEIR FAMILY CIRCLES, BUT FACE HUMILIATION AND RIDICULE IN OUTSIDE PLAY AND SCHOOL SITUATIONS. THIS ESPECIALLY TRUE OF THOSE WHO HAVE "DOUBLE STIGMA" BEING HALF-AMERICAN, HALF-BLACK. MOTHERS' CHANCES OF MARRYING VIETNAMESE ARE SLIM, AS ARE CHANCES OF FINDING JOBS. EVEN THOSE WHO WANT WORK AS LIVE-IN MAIDS ARE OFTEN REJECTED WHEN IDENTITY OF CHILDREN IS KNOWN. US OFFICIALS "GUESS" SUCH CHILDREN NUMBER ABOUT 25,000 BUT ONLY UNCLASSIFIED

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770 ARE IN ORPHANAGES.

28. EVANS AND NOVAK (GLOBE) SAYS "REMORSELESS POLITICAL-MILITARY WARFARE NOW BEING WAGED BY HANOI'S INVADERS IS HAVING DEVASTATING EFFECTS WITH CRUELLY PERFECTED NEW TACTICS," AS CONGRESS SHOWS EVER MORE RELUCTANCE TO FINANCE SAIGON'S DEFENSE. WHAT MAKES THREATENED CONGRESSIONAL CUTBACKS SO PERILOUS IS STEADILY INCREASING AID TO HANOI FROM PRC AND USSR; CITE EXPERTS AS KNOWING FOR CERTAIN THAT 1974 ECON AID FROM PEKING AND MOSCOW IS "FAR ABOVE" 1973 LEVEL. SUCH AID, IF CONTINUED AT PRESENT LEVELS FOR BALANCE OF YEAR, WILL EXCEED TOTAL US ECON AID BY AT LEAST TWO AND POSSIBLY THREE TIMES.

AS FOR MIL AID, US OFFICIALS BELIEVE THERE IS NOW

ENOUGH AMMO IN COMMUNIST HANDS TO SUSTAIN AN

OFFENSIVE AT LEVEL OF 1972 COMMUNIST SPRING OFFENSIVE FOR FULLY 18 MONTHS. DIRECTLY MATCHING THIS COMBAT POTENTIAL IS FACT THAT HANOI HAS INFILTRATED 160,000 FRESH COMBAT TROOP LEVEL TO ESTIMATED 300,000 (INCLUDING PERHAPS 75,000 VCS) - AND EVERY SINGLE INFILTRATED N VIET REGULAR IS IN DIRECT VIOLATION OF C-F.

HOWEVER, IT IS PERFECTABILITY OF COMMUNIST TACTICS, PARTICULARLY IN AREAS WHERE SAIGON AND COMMUNIST CONTROL OVERLAP, THAT MOST CONCERNS ADMINISTRATION. TACTICS ARE DESIGNED TO FURTHER THIS STRATEGY: BY TERROR AND KIDNAPPING, FRIGHTEN NEW SETTLERS SENT BY SAIGON TO POPULATE ISOLATED AREAS, THUS RENDERING NEWLY SETTLED AREAS VULNERABLE. THIS IS REPEAT OF STRATEGY PRACTICED BY HANOI BEFORE AND DURING 1972 OFFENSIVE. VASTLY AIDING COMMUNISTS IS ABSENCE TODAY OF US AIR POWER AND FACT THAT HANOI TROOPS ARE MORE MUSCULAR AND BETTER TRAINED THAN TWO YEARS AGO.

US OFFICIALS MOST EXPERIENCED IN VN WAR NOW GIVE 50-50 ODDS THAT LONG-FEARED NEXT GENERAL OFFENSIVE WILL COME THIS FALL. BUT EVEN OPTIMISTS - A DWINDLING UNCLASSIFIED

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BAND - BELIEVE THAT IF OFFENSIVE DOESN'T COME THEN, IT WILL BE SPRUNG AROUND EASTER NEXT YEAR.

MALAYSIA

29. HARVEY STOCKWIN IN KL (WP) COMMENTS ON SWEEPING ELECTION VICTORY LAST WEEK. VICTORY IN NATIONAL ARENA MATCHED BY THOSE IN W MALAYSIA STATE ELECTIONS WITH COALITION CAPTURING ALL 11 STATE ASSEMBLIES. HOWEVER, STOCKWIN NOTES THAT DOUBTS REMAIN AS TO FAIRNESS OF ELECTIONS BECAUSE OF WIDESPREAD REPORTS OF ATTEMPTS TO RIG VOTE FOR FRONT. ONE FOREIGN DIPLOMAT SAYS: "WHAT WE NEED IN ORDER TO COMPLETE THIS GENERAL ELECTION IS A GALLUP POLL TO FIND OUT WHETHER THE PEOPLE THINK THIS IS A FAIR RESULT OR NOT." THOUSANDS OF MALAYSIANS APPEARED AT POLLS ONLY TO FIND THAT THEIR NAMES WERE NOT ON VOTING LIST. FRONT ALSO HAD OVERWHELMING ADVANTAGE IN TERMS OF RESOURCES AND FINANCIAL SUPPORT; LOPSIDED VICTORY WAS FORESHADOWED BY PLAY IN GOVT-CONTROLLED TV AND RADIO AND SEMI-CONTROLLED PRESS. NEW SEDITION LAW ALSO BANNED DISCUSSION OF SENSITIVE RACIAL ISSUE, AND RAZAK CONTRIBUTED TO ATMOSPHERE WHEN HE CALLED FOR 100 PERCENT RETURN OF FRONT CANDIDATES, THREATENING CUTOFF OF DEVELOPMENT FUNDS TO AREAS THAT VOTED

FOR OPPOSITION PARTIES. MOST BLATANT USE OF GOVT TO CONTROL VOTE TOOK PLACE IN SABAH, WHEN ALL BUT ONE OF PROSPECTIVE CANDIDATES WERE FORCIBLY PREVENTED FROM FILING NOMINATION PAPERS.

OBSERVERS BELIEVE THAT GOVT EFFORTS WERE UNNECESSARY, THAT GREATER FREEDOM FOR OPPOSITION WOULD NOT HAVE MATERIALLY ALTERED RESULT. ONE SAYS ELECTION WAS WON LONG AGO WHEN RAZAK REDREW BORDER BETWEEN GOVT AND OPPOSITION; OLD ALLIANCE COALITION LOST MALAY AND CHINESE SUPPORT IN 1969, AND BY BRINGING MORE PARTIES INTO COALITION RAZAK GAVE HIMSELF THE ABILITY TO PREVENT ANY FURTHER EROSION. OTHER FACTORS THOUGHT TO MAKE COALITION VICTORY INEVITABLE WERE WRANGLING AMONG OPPOSITION, WHICH FAILED TO CAPITALIZE ON UNCLASSIFIED

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INFLATION ISSUE; VIEW THAT VOTE FOR NATIONAL FRONT WAS ONE FOR STABILITY, ESPECIALLY FOR CONTINUED RACIAL HARMONY; PRESTIGE OF RAZAK, WHO GAINED GREATER AFFECTION FROM MALAYS AND INCREASED RESPECT FROM CHINESE.

JAPAN

30. NYT'S HALLORAN IN TOKYO CITES VICE FINANCE MINISTER YOSHIDA TELLING NEWSMEN THAT GOJ, CONFRONTED WITH CONTINUED INFLATIONARY PRESSURES, EXPECTS TO RETAIN SEVERE RESTRAINTS ON ECONOMY FOR ANOTHER YEAR AND CONTINUE TIGHT-MONEY POLICY. YOSHIDA ASSERTION SAID TO HAVE DOUSED SPECULATION THAT JAPAN'S ECONOMY WOULD TURN UPWARD SOON AND TOUGH RESTRAINTS WOULD BE EASED. HOWEVER, HE INDICATED THAT THERE WOULD BE SELECTIVE RELAXATION OF CURBS TO RELIEVE SMALL AND MEDIUM-SIZED BUSINESSES AND THE HARD-HIT TEXTILE INDUSTRY.

HALLORAN CITES ECONOMIC PLANNING AGENCY PRELIMINARY FIGURES SHOWING JAPAN'S REAL GROWTH RATE IN APRIL-JUNE QUARTER WAS ONLY 0.4 PERCENT, FOLLOWING 4.7 DROP IN FIRST QUARTER. EPA ALSO ESTIMATED THAT THERE WOULD BE NO REAL GROWTH FOR THIS CY AND THAT THERE MIGHT EVEN BE A DECLINE. SAYS RECESSION IN JAPAN IS BOUND TO HAVE STRONG IMPACT ON TRADE WITH US AND ON SMALLER ECONOMIES OF KOREA, TAIWAN, PHILS AND SEA, ALL OF WHICH DEPEND ON JAPANESE MARKETS FOR MAJOR EXPORT EARNINGS.

LOS

31. FROM CARACAS, UPI'S JOHN VIRTUE (WP) REPORTS LOS CONFERENCE ENDED IN DEADLOCK WITH CONFERENCE PRES.

SEEING LITTLE HOPE OF DRAFTING NEW TREATY AT FOLLOW-UP SPRING SESSION IN GENEVA. CONFERENCE WAS DEADLOCKED ON FOUR KEY ISSUES: TERRITORIAL LIMITS, DEEP SEA MINING, POLLUTION CONTROL, AND STRAITS PASSAGE. MOST DELEGATES PRIVATELY EXPRESS DISAPPOINTMENT AT SLOW PROGRESS AND THE GULF BETWEEN POSITIONS OF RICH INDUSTRIAL NATIONS AND POOR

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DEVELOPING ONES. "THE DIVISION BETWEEN THE DELEGATIONS KNEW NO IDEOLOGICAL BOUNDS," SAY VIRTUE, NOTING THAT US AND USSR WERE LEADERS OF INDUSTRIAL NATIONS, WHILE PRC BACKED ASPIRATIONS OF RIGHT-WING LATIN AMERICAN MIL DICTATORSHIPS.

CHINA

32. JOC'S STRAUSS, IN HK, SUGGESTS CHINA, WITH HER SHARPLY INCREASED OIL PRODUCTION NOW PREDICTED RANKING AMONG WORLD LEADERS IN FEW YEARS, IS FINDING POL BLESSING SOMETHING OF DOMESTIC AND FOREIGN EMBARRASSMENT. RECALLS THAT VICE-PM LI HSIEN-NIEN, IN REPLY TO US BUSINESSMEN'S QUESTIONS LAST NOVEMBER CONCERNING POTENTIAL FOR OIL EXPORTS, SAID ASTONISHINGLY: "CHINA DOES NOT HAVE VERY MUCH OIL," AND LI TURNED OFF SUBJECT WITH JOKE. "NOW, AMERICAN BUREAUCRATS CAN BE FORGIVEN WHEN THEY FAIL TO KNOW SOME FACT ABOUT THE UNPLANNED US ECONOMY," SAYS STRAUSS -- BUT CHINA "IS SUPPOSED TO BE DIFFERENT." ADDS THAT PRC OIL INDUSTRY IS CERTAINLY CENTRALLY PLANNED, THUS LI MUST HAVE KNOWN WHEN, WITHIN HUMAN LIMITS, POL PRODUCTION AND EXPORTS EXPECTED FOR 1973 AND 74.

RESPONSIBLE EXPERTS IN HK NO LONGER QUESTION THAT PRC PRODUCED AT LEAST 50-52 MILLION TONS OF OIL LAST YEAR. JAPANESE EXPERTS PREDICT CHINA WILL BE PRODUCING MUCH AS 400 MILLION TONS OF CRUDE BY 1980, THOUGH CONSERVATIVE ESTIMATES PUT IT AT ABOUT 200 MILLION. HERE IS WHERE SOME EMBARRASSMENT COMES IN, FOR CHINA'S OIL NEEDS ARE TINY COMPARED WITH OUTPUT. AT HEART OF PRC OIL EMBARRASSMENT IS MAO'S STATEMENT THAT CHINA IS "POOR AND DEVELOPING COUNTRY." THIS IS TRUE, BUT ALL THAT OIL MAY MEAN CHINA WILL SOON BECOME RICH DEVELOPING COUNTRY -- "FOR WHICH IT IS SIMPLY NOT PREPARED." WHAT DOES SHE INTEND DOING WITH OIL RICHES? IMPORTATION OF MORE MACHINERY IS PRESENTLY BEING DISPUTED BY HER POLITICAL FACTIONS; SHE WILL CERTAINLY NOT STRESS CONSUMERISM, NOR INVEST ABROAD LIKE ARABS. HEREIN LIES EMBARRASSMENT: PEKING WILL HAVE DIFFICULTY

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IN FUTURE PRESERVING HER ATTITUDE OF SELF-DEVELOPMENT

THROUGH TOIL WHICH IS IDEOLOGICAL NECESSITY.

FROM FOREIGN RELATIONS ANGLE, NEW PRC OIL WEALTH IS EQUALLY PROBLEM. PEKING IS THOUGHT TO HAVE NO DESIRE FOR FORESEEABLE FUTURE TO JOIN OPEC, REASON BEING PERHAPS THAT SUCH COUNTRIES ARE RAPIDLY LOSING IMAGE OF POVERTY AND BECOMING, TO DEPRIVED NATIONS OF WORLD, RICH MISERS. THIS IS NOT PRC IMAGE OF HERSELF NOR ONE SHE WISHES TO CULTIVATE. BUT WHILE COMMUNIST TECHNICIANS FOUND OIL WHERE FOREIGNERS FAILED (DURING PERIOD OF EXTREME TURMOIL IN CHINA), PRC WILL HAVE DIFFICULTY CONVINCING OIL-POOR NATIONS THAT COMMUNIST WAY OF LIFE HAD SOMETHING TO DO WITH PUTTING OIL IN GROUND. IN LONG RUN, PEKING MAY WELL REALIZE THAT ITS OIL EXPORTS MAY PUT IT IN CONFLICT WITH ARABS. THOUGH SHE PRAISED USE OF "OIL WEAPON" LAST OCTOBER, SHE SEEMS TO HAVE NO DESIRE TO JOIN OIL BATTLE, AND IN EVENT OF ANOTHER MIDDLE EAST CRISIS WOULD CONTINUE EXPORTING OIL TO WHOMEVER HAD PURCHASED IT -- EVEN US.

33. GLOBE AND MAIL'S JOHN BURNS IN PEKING (CHITRIB) DOES FEATURE ON CANADIAN STUDENTS AT PEKING LANGUAGE INSTITUTE. STUDENTS, WHO ARRIVED LAST NOVEMBER, HAD HIGH HOPES OF GETTING CLOSE TO CHINESE AND DISCOVERING WHAT THE REVOLUTION REALLY MEANS TO ORDINARY MAN. BUT THE CHINESE HAVE A WAY OF SETTING FOREIGNERS APART, OF TREATING THEM WITH RESPECT AND GENEROSITY BUT ALWAYS AS OUTSIDERS.

WITH SCARCELY HALF THEIR FIRST YEAR COMPLETED, CANADIANS WERE IN SOMEWHAT FRACTIONAL AND FRUSTRATED MOOD. FROM OFF-CAMPUS EXPERIENCES, MOST HAVE DEVELOPED AN ABIDING AFFECTION FOR CHINA AND THE CHINESE. BUT THEY HAVE MAJOR DIFFERENCES WITH INSTITUTE OFFICIALS OVER ACADEMIC PROGRAMS, REGULATIONS GOVERNING CAMPUS LIFE AND - ABOVE ALL - INFREQUENCY AND SUPERFICIALITY OF CONTACT WITH ORDINARY PEOPLE. SEVEN OF GROUP HAVE DECIDED NOT TO TAKE UP OPTION
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FOR SECOND YEAR OF STUDIES; THREE DIDN'T EVEN WAIT FOR END OF FIRST YEAR IN JULY. OTHERS LEFT IN THE SUMMER. PROBLEMS AT INSTITUTE ARE NOT PECULIAR TO CANADIANS, WHO CONSTITUTE SMALL COMMUNITY OF MORE THAN 300 STUDENTS FROM UPWARDS OF 40 COUNTRIES; FAIR PROPORTION OF THEM ARE EQUALLY FRUSTRATED, OR MORE SO.

ONE PROBLEM BREEDING FRUSTRATION IS PEDAGOGICAL:
LEARNING CHINESE IS TEDIOUS, TEXTS ARE DREARY AND
DOCTRINAIRE; INTELLECTUAL FARE SERVED UP IS MUCH THE

SAME AS THAT DELIVERED IN CHINESE PRESS FOR MASSES.
STUDENTS ALSO BRIDLE AT CHINESE ATTEMPTS TO REGULATE
THEIR SOCIAL BEHAVIOR. BURNS OBSERVES THAT GIVEN
CHINESE PURITANISM AND THEIR PROBABLE APPREHENSIONS
AT CORRUPTING INFLUENCE OF WESTERN SOCIAL MORES ON
CHINESE STUDENTS AT THE INSTITUTE, OFFICIAL DISAPPROVAL
OF SEXUAL ACTIVITIES NOT DIFFICULT TO UNDERSTAND.
THEY ALSO HAVE PRACTICAL CONSEQUENCES: ALREADY DOCTORS
AT INSTITUTE CLINIC HAVE HAD TO DEAL WITH NUMBER OF
GYNECOLOGICAL PROBLEMS, NOT TO MENTION ONE UNWANTED
PREGNANCY AND ONE CASE OF VD.

34. JOC HK SPECIAL REPORTS THAT WHILE CERTAIN AREAS IN
CHINA SEEM CONFUSED AND ARE STILL BROADCASTING
DENUNCIATIONS OF CAPITALIST ECON POLICIES AND OF
CONFUCIUS AND LIN PIAO, "HEART SEEMS TO HAVE GONE OUT
OF SUCH POLEMICS." AT LEAST FOR PERIOD OF THIS PAUSE,
IDEOLOGY HAS MOVED FROM FIRST PRIORITY TO SECOND
PRIORITY WITH CHINESE DECISION-MAKERS AND GOAL OF
INDUSTRIAL PRODUCTION HAS BEEN RE-STRESSED. SOMETHING
HAD BEEN INTERFERING WITH FACTORY OUTPUT, AS EVIDENCED
BY SHARP DECLINE IN EXPORT CONTRACTS CONCLUDED AT
RECENT CANTON TRADE FAIR, REPORTS OF TRAVELERS
SPEAKING OF CLASHES IN CHINESE FACTORIES, RADIO
BROADCASTS SPEAKING OF "SABOTAGE" AND UNSPECIFIED
PROBLEMS. ALSO, THERE WERE REPORTS OF COAL SHORTAGES,
AND SHARP DECLINE IN NUMBER OF PROVINCES ANNOUNCING
FULFILLMENT OF HALF-YEARLY PLANS.

THERE IS ANOTHER IMPORTANT PROBABLE ECONOMIC REASON
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FOR DECLINE IF ANTI-LIN/CONFUCIUS CAMPAIGN: WITH
MAIN HARVEST PERIOD APPROACHING, IF IDEOLOGICAL
CAMPAIGN HAD BEEN ALLOWED TO INTERFERE WITH BRINGING
IN GRAIN, CAMPAIGN WOULD CLEARLY HAVE GOTTEN OUT OF
HAND. INSTEAD, MOVEMENT MAY HAVE BEEN PUT ON BACK
BURNER TEMPORARILY. ONE THING IS CERTAIN -- CURRENT
CAMPAIGN NEVER HAD THE PASSION OF GPCR. INGERSOLL

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